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## FISCAL IMPACT REPORT

ORIGINAL DATE 2/19/07

SPONSOR T. Garcia LAST UPDATED \_\_\_\_\_ HB 1211

SHORT TITLE Mora County Loan Payment SB \_\_\_\_\_

ANALYST Propst

### APPROPRIATION (dollars in thousands)

Appropriation		Recurring or Non-Rec	Fund Affected
FY07	FY08		
	\$250.0	Non-Recurring	General Fund

(Parenthesis ( ) Indicate Expenditure Decreases)

### SOURCES OF INFORMATION

LFC Files

#### Responses Received From

Department of Finance and Administration (DFA)

### SUMMARY

#### Synopsis of Bill

House Bill 1211 appropriates \$250.0 from the General Fund to the Local Government Division (LGD), Department of Finance and Administration to pay off a 1982 delinquent loan for Mora County.

### FISCAL IMPLICATIONS

The appropriation of \$250.0 contained in this bill is a non-recurring expense to the General Fund. Any unexpended or unencumbered balance remaining at the end of FY08 shall revert to the General Fund.

### SIGNIFICANT ISSUES

DFA reports that Mora County has been delinquent for more than 20 years on a loan made from the property valuation fund. In order to clear this delinquent loan with the Property Tax Division (PTD), Taxation and Revenue Department and in order for Mora County to maintain its creditworthiness under the one percent loan fund, such an appropriation is necessary. The PTD reports that state law precludes Taxation and Revenue Department from proceeding against the

County to collect the debt and from forgiving the debt.

The appropriation contained in HB 1211 would allow the County to repay this debt without dipping into County coffers. Currently, the County is in a precarious financial situation. All NM counties are required by (LGD) to maintain a reserve requirement for the General Fund. At this time, the County has not met this requirement. The County, furthermore, is operating on a reduced work week schedule in order to reduce expenses.

**TECHNICAL ISSUES**

DFA notes that it may be more expeditious to direct the appropriation to the Taxation and Revenue Department.

WEP/csd